United States Department of Agriculture

Foreign Agricultural Service

FACT SHEET

U.S.-Colombia Trade Promotion Agreement

Idaho Farmers Will Benefit

September 2008

The U.S.-Colombia Trade Promotion Agreement (CTPA) provides increased access for Idaho's agricultural exports by making agricultural trade a two-way street and leveling the playing field with respect to third country competitors in the Colombian market. Already our largest market in South America, Colombia now holds even greater potential because it has agreed to immediately eliminate duties on 53 percent of current U.S. trade upon implementation of the agreement. The American Farm Bureau and over 40 other agricultural industry and farm groups strongly support the agreement by stating "the agreement will provide U.S. products exported to Colombia with the same duty-free access already granted to Colombian products exported to the U.S."

Exports of farm products boost Idaho's farm prices and income. Such exports support about 12,788 jobs both on and off the farm in food processing, storage, and transportation. Agricultural exports amounted to $1.2 bmillion and made an important contribution to Idaho's farm cash receipts in 2007 that totaled $5.7 billion.

Dairy. U.S. dairy exports to Colombia surpassed $6.6 million in 2007, and changes with the CTPA will provide immediate opportunities for U.S. dairy producers. Idaho dairy accounts for the state's largest source of farm cash receipts at $2 billion in 2007, and it ranks as the nation's fourth largest source of exports.

- U.S. dairy producers currently face a system of variable levies (price band system) that results in tariffs as high as the WTO ceiling of 159 percent. Colombia will immediately eliminate the price band system on U.S. imports.
- Colombia will immediately eliminate tariffs on whey.
- Colombia and the United States will establish duty-free TRQs for certain dairy products totaling 9,900 tons, with these TRQs growing by 10 percent, compounded annually.
- All Colombian duties on dairy products will be eliminated within 15 years, with duties on some eliminated earlier.
- *The National Milk Producers Federation, U.S. Dairy Export Council, Grocery Manufacturers Association/Food Products Association, and International Dairy Foods Association publicly support the CTPA.*

Vegetables, Including Potatoes and Dried Beans. In 2007, the United States exported $1.6 million of potatoes and products to Colombia. As the nation's third largest exporter of fresh and processed vegetables – farm cash receipts from potato farming alone were $710 million in 2007. Idaho's vegetable, potatoes and dried beans producers will benefit from the CTPA.

- U.S. exporters currently face duties between 5–60 percent, and the World Trade Organization (WTO) permits duties as high as 178 percent.
- Idaho producers will benefit from immediate duty-free access for peas and lentils.
- Idaho exporters will also benefit from immediate duty-free access for dried beans under a 15,750-ton tariff-rate quota (TRQ) that will grow 5 percent, compounded annually. The 60-percent over-quota tariff will be phased out over 10 years.
- Colombia will immediately eliminate all duties on potatoes and potato products, including frozen French fries, potato flakes and potato chips.
- *The USA Dry Pea and Lentil Council, National Potato Council, American Frozen Food Institute, and Grocery Manufacturers Association/Food Products Association publicly support the CTPA.*

Beef. In 2007, the United States exported $386,000 of beef and beef products to Colombia. Idaho ranchers and beef produced $1 billion of the state's total cash receipts in 2007.

- Colombia will immediately eliminate its 80-percent duty (108 percent allowed by the WTO) on beef products of most importance to the U.S. beef industry—prime and choice cuts.
- U.S. exporters of standard quality beef cuts will enjoy immediate duty-free access through a 2,100-ton TRQ. The TRQ will grow by 5 percent, compounded annually. Colombia will phase out the 80-percent out-of-quota tariff over 10 years after a 37.5-percent cut at the beginning of the first year of implementation.
- U.S. exporters of variety meats (offals) will immediately receive duty-free access under a 4,642-ton TRQ that will grow 5.5 percent, compounded annually. The 80-percent over-quota tariff will be phased out over 10 years.
- Colombia agreed to continue to recognize the equivalence of the U.S. meat inspection and certification system to its own system.
- Colombian exporters of beef to the United States will receive duty-free access under a 5,250-ton TRQ that will grow 5 percent, compounded annually. The United States will phase out its beef tariffs over 10 years. For those beef lines that are already duty free under the Andean Trade Promotion and Drug Eradication Act, the CTPA will continue the duty-free treatment.
- *The American Meat Institute; National Cattlemen's Beef Association; U.S. Hide, Skin and Leather Association; U.S. Livestock Genetics Export, Inc.; and Pet Food Institute publicly support the CTPA.*

Wheat and Barley. In 2007, the United States exported $210 million of wheat and barley to Colombia. Idaho, the nation's 12th largest exporter of wheat and products, produced cash receipts for wheat and barley totaling $455 million in 2007.

- U.S. wheat and barely producers currently face a system of variable levies (price band system) that results in tariffs as high as the WTO ceiling of 248 percent. Colombia will immediately eliminate the price band system on imports from the United States.
- Colombia will immediately eliminate all tariffs on wheat and wheat products, which currently face duties ranging from 5–20 percent.
- Colombia will immediately eliminate all tariffs on barley and barley products, except feed barley. Tariffs on feed barley will be eliminated in 2009.
- *The National Association of Wheat Growers, the National Grain and Feed Association, the North American Export Grain Association, the North American Millers' Association, the National Barley Growers Association, U.S. Wheat Associates, and the American Bakers Association publicly support the CTPA.*

Sugar. In 2007, the United States exported $9.4 million of sugar and sweeteners to Colombia**.** There will be no reductions in the U.S. over-quota duty that currently provides the equivalent of a 100-percent tariff protection for domestic producers including the 4 percent of Idaho farms engaged in sugar production.

- U.S. sugar producers currently face a system of variable levies (price band system) in Colombia that results in tariffs as high as the WTO ceiling of 130 percent. Colombia will immediately eliminate the price band system on U.S. imports.
- Colombia will provide immediate duty-free access for glucose, which currently faces a 20-percent duty (28 percent allowed by the WTO), through a 10,500-ton TRQ that expands 5 percent annually. Colombia will phase out the 28-percent over-quota tariff over 10 years.
- Colombia will eliminate duties within 15 years for all other sugar and sweeteners. In a few cases, duties will be eliminated sooner (such as high fructose corn syrup in 9 years).
- The United States will establish a 50,000-ton TRQ for Colombia for sugar products covered by the WTO TRQ. This amount grows by 1.5 percent a year into perpetuity.
- Provisions will ensure that Colombia will only ship when it is a net surplus exporter, and provisions have been agreed to allow alternative forms of compensation to be established to facilitate sugar stock management by the United States.
- *The Sweetener Users Association and Grocery Manufacturers Association/Food Products Association publicly support the CTPA.*